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BY E-MAIL AND WEB POSTING

March 31, 2015

**TO: All Rate Regulated Natural Gas Distributors
All 2014 Natural Gas Market Review Consultation Participants
All Other Interested Parties**

**RE: Staff Report to the Board on the 2014 Natural Gas Market Review
Board File No. EB-2014-0289**

The Board has posted on its web site a [Staff Report to the Board on the 2014 Natural Gas Market Review](#) (the “Staff Report”). The Staff Report summarizes the information collected in the course of the 2014 Natural Gas Market Review consultation process, including written comments received from stakeholders, and sets out Board staff’s recommendations for the Board’s further consideration.

Background

On September 19, 2014, the Board issued a [letter](#) announcing the launch of the 2014 Natural Gas Market Review (the “Review”) and describing the consultative process to help the Board to review and examine recent developments in North American natural gas supply markets to consider any potential implications for the Ontario natural gas market.

On November 27, 2014, the Board posted on its web site two reports prepared for Board staff by Navigant Consulting Inc. The purpose of the [2014 Natural Gas Market Review Preliminary Report](#) was to help identify emerging market trends and to provide context for the issues to be considered at the stakeholder conference (Navigant’s *2014 Natural Gas Market Review Final Report* was posted on December 23, 2014). The [Winter 2013/14 Natural Gas Price Review](#) examined the supply and demand-related factors that contributed to the unusually high and volatile Ontario natural gas prices experienced over the period from November 2013 through March 2014.

The Stakeholder Conference, held on December 3 and 4, 2014, comprised five

discussion sessions, including

- an overview of recent North American natural gas market developments;
- winter 2013/14 natural gas prices
- the natural gas/electricity market interface
- North American and Ontario natural gas markets to 2020; and
- market and regulatory implications of key natural gas market trends.

Thereafter, the Board posted on its web site:

- Navigant's [2014 Natural Gas Market Review Final Report](#), which included additional price forecast scenarios, configured in response to Stakeholder Conference discussions; and
- written comments received from stakeholders on issues raised in Stakeholder Conference discussions and in Navigant's reports.

All materials in relation to the consultation are available on the Board's [web site](#).

Next Steps

In consideration of the *Staff Report* and Board staff's recommendations, the Board will initiate a stakeholder consultation to review Board policy in relation to gas procurement, including the Board's assessment and approval of distributor gas supply plans. The Board will further consider the scope, activities and schedule for this proceeding and provide additional information in due course.

The Board is committed to facilitating ongoing stakeholder dialogue in order to stay abreast of Ontario energy sector market developments and to engage sector stakeholders at the appropriate levels on matters impacting the sector. Starting in 2015, the Board will convene an annual combined Natural Gas and Electricity '*Energy Sector Forum*', focussed on energy market issues and emerging energy sector developments. More information on the forum and engagement activities will be provided in coming weeks.

The Board will also review its regulatory instruments in relation to the disclosure by gas distributors of information on pipeline and storage operations for the purposes of gas/electricity market coordination and provide further direction as warranted.

Conclusion of the 2014 NGMR and Cost Awards

The issuance of the *Staff Report* marks the conclusion of the 2014 NGMR consultation. The Board thanks all consultation participants for their input through the Stakeholder Conference and written comments.

Cost-eligible activities related to this consultation are complete. A *Notice of Hearing for Cost Awards* will be issued separately.

Dated at Toronto, March 31, 2015

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary